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Guatemala

Oilseeds and Products

Annual

2000

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Report Highlights:

Palm is the only crop being produced in Guatemala for the production of oil. Total palm oil production in Guatemala reached 108,000 MT in 1999 and 61,000 MT were exported to Mexico and the Central American region for the same year. Sunflower and soybean are the two main oil imports. In 1999, 71,000 MT of soybean and sunflower oil were imported, 23,000 MT and 48,000 MT, respectively. In addition, around 6,000 MT of soybean were harvested in the country. Soybean meal is imported strictly from the U.S. In 1999, imports were 116,000 MT.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Guatemala's total edible oil consumption during 1999 was 118,000 MT. Palm is the only crop being produced in Guatemala for oil production and is the most important for the total oil supply. The upward trend in palm oil production is expected to continue as new farmers go into production every year, new trees begin bearing fruit and older trees mature and increase their yields. Cottonseed is no longer produced in the country, but there's an initiative to develop experimental plantations to reactivate cotton production in the country. Guatemala's oil imports and types depend mostly on international prices, local production of palm oil and the mix of products to be produced to meet consumer's tastes and preferences. During 1999 Guatemala imported a total of 71,000 MT of vegetable oils. Palm oil exports to Mexico and the Central American region increased from 38,000 in 1998 to 61,000 in 1999.

Guatemala's soybean meal production for 1999 was around 2,000 MT. Production for 2000 is expected to remain at current levels. All soybean meal imports came from the United States. Imports for 1999 reached a total of 110,000 MT and for 2000 imports are expected to increase to 116,000 MT as the poultry industry continues to grow and local soybean production decreases.

PSD Table						
Country	Guatemala					
Commodity	Oil, Palm				(1000 HA)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		11/1998		11/1999		11/2000
Area Planted	0	18	0	22	0	24
Area Harvested	0	16	0	20	0	22
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	84	84	110	108	0	124
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	84	84	110	108	0	124
MY Exports	38	38	40	61	0	74
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	46	46	70	47	0	50
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	46	46	70	47	0	50
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	84	84	110	108	0	124
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	38	0	61	0	74
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Guatemala					
Commodity	Oil, Soybean				(1000 MT)(PER CENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		11/1998		11/1999		11/2000
Crush	0	3	0	2	0	2
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	35	12	40	23	0	26
MY Imp. from U.S.	18	5	18	12	0	13
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	35	12	40	23	0	26
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	35	12	40	23	0	26
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	35	12	40	23	0	26
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	35	12	40	23	0	26
Calendar Year Imports	25	12	0	23	0	26
Calendar Yr Imp. U.S.	0	5	0	12	0	13
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Guatemala					
Commodity	Oil, Sunflowers eed				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		11/1998		11/1999		11/2000
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	33	40	34	48	0	50
MY Imp. from U.S.	8	11	0	15	0	18
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	33	40	34	48	0	50
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	33	40	34	48	0	50
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	33	40	34	48	0	50
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	33	40	34	48	0	50
Calendar Year Imports	0	40	0	48	0	50
Calendar Yr Imp. U.S.	0	11	0	15	0	18
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production

Vegetable Oils

Guatemala's palm oil production is expected to continue on an upward trend, as new trees begin to bear fruit and older trees mature and increase their yields. Guatemala has become self sufficient in palm oil production and the industry has displaced other traditional agricultural practices like raising cattle. Palm oil is currently the most important oil produced for the elaboration of finished oils and other oil products in the market. During 1999 total planted area was 22,000 hectares, from which 20,000 hectares were harvested. Total palm oil production reached 108,000 MT in 1999. Prices for palm oil in the local market during 1999 were an average of \$660 per MT, up from the average price of \$654 in 1998. This encouraged farmers to increase their operations and new farmers to go into production of palm oil. Production for 2000 is expected to increase to 124,000 MT.

Most of the planting seed for palm production comes from Costa Rica, and the two most popular varieties grown in Guatemala are Deli-Econa and Deli-Aurus. In the Guatemalan South Coast there are four extraction plants where most of the palm operations are located. Currently, new operations are starting to work in the North and the Northwest part of the country. Palm operations are more popular every year because of its income benefits in addition to the ecological and social benefits. The palm sector contributed 9,000 jobs in 1999 and it is expected that by the year 2,000 the sector will generate some 11,000 jobs. The constraint in the palm oil industry is that there is only a certain amount of palm oil consumed in the country due to consumer's tastes and preferences. Although local consumption has increased, people still prefer the taste of other oils. Some marketing has been done from the palm oil producers and manufacturers to present palm oil as a healthy solution.

Soybean production in Guatemala for 1999 was estimated at 6,165 MT down from the 7,248 MT produced in 1998. The decrease in production is mainly due to the increase of imports of soybean meal and oil for the poultry industry, since the imported oils and meals are of a higher quality in comparison to the products locally produced. In 1999, around 2,000 MT were crushed for meal and oil and the rest of the soybeans were used as full-fat feed by the poultry industry. Crushing facilities are located at oil refining facilities and feed mill facilities.

Guatemala's cottonseed production for oil and meal production in Guatemala has been completely phased out. Land previously devoted to cotton production has gone into more profitable crops such as sugarcane, bananas, rubber and palm. The Guatemalan cotton council is currently working on an experimental project, planting small plots of land in an attempt to redevelop local cotton production. However, the quantities being produced are insignificant, and the cottonseed produced is used for cattle feed.

Consumption

Guatemala's vegetable oil production continues to grow as local consumption of vegetable oil, shortening, and margarine increases, and exports of finished oils and margarine to neighboring countries rise. Local consumption increased around 17% in 1999 compared to 1998. The food industry has grown tremendously in recent years. There are new fast food restaurants, bakeries, hotels, gourmet restaurants, confectioneries, and other food factories consuming vegetable oil products.

Export Trade Matrix			
Country	Guatemala		
Commodity	Oil, Palm		
Time period	Jan-Dec	Units:	metric tons
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Mexico	15000		35000
El Salvador	10000		6000
Honduras	5000		5000
Costa Rica	8000		15000
Total for Others	38000		61000
Others not Listed			
Grand Total	38000		61000

Import Trade Matrix			
Country	Guatemala		
Commodity	Oil, Soybean		
Time period	Jan-Dec	Units:	metric tons
Imports for:	1998		1999
U.S.	5000	U.S.	12000
Others		Others	
Mexico	6000		11000
El Salvador	1000		0
Total for Others	7000		11000
Others not Listed			
Grand Total	12000		23000

Import Trade Matrix			
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Country	Guatemala		
Commodity	Oil, Sunflower seed		
Time period	Jan-Dec	Units:	metric tons
Imports for:	1998		1999
U.S.	11000	U.S.	15000
Others		Others	
Argentina	29000		33000
Total for Others	29000		33000
Others not Listed			
Grand Total	40000		48000

Trade

In the last few years, the industry showed a preference for sunflower oil imports due to international prices, and because sunflower oil is a refining-friendly oil, ideal to combine with palm oil for a quality finished product. Sunflower imports reached 48,000 MT in 1999, up from the 40,000 MT imported in 1998. 32% of imports were from the United States and the rest came mainly from Argentina.

Soybean oil imports for 1998 were 23,000 MT. 52% of the soybean oil was imported from the United States and the rest is originally U.S. raw soybean oil finished in Mexico, thus, considered a product from Mexico. Cottonseed oil is no longer handled in commercial volumes. Guatemala's oil imports for 2000 will depend largely on international prices, local production of palm oil, and the needs of the industry to create a mix that meets consumer's tastes and preferences.

Currently, Guatemala is exporting finished oil products to the rest of the Central American countries, with no import tariffs due to the free-trade agreement among countries in the region. In 1998 Costa Rica imposed import tariffs on Guatemala's vegetable oil products and margarine in order to protect their emerging industry. That policy lasted for a couple of weeks since Guatemala in reprisal decided to impose a tariff on Costa Rican milk and candy products. Currently, in Costa Rica no import duties are applied to Guatemala finished vegetable oils and products derived from vegetable oils.

Guatemala exports their bulk raw palm oil mainly to Mexico and the finished product to the Central American region. Representatives from the oil industry have expressed their concern about finished oil products being imported illegally from Mexico. Around 500,000 pounds a month of finished oil are being imported illegally across the river into Guatemala. To date there has been no success in stopping the contraband.

Policy

Import tariffs for crude vegetable oil are set at 0% for 1999 and this is expected to continue for 2000. However, palm oil producers argue that there is no need to import vegetable oil since Guatemala is capable of supplying the whole region and there's an effort by countries like Honduras, Nicaragua and Costa Rica to increase tariffs to encourage local production of palm.

Marketing

Guatemalan producers are promoting palm oil as a healthy product contributing to the improvement of the environment. According to the industry's advertising directed to the final consumer the Guatemalan palm crop generates 300,000 tons of oxygen a day and for the year 2002 Guatemala's palm crop will generate 600,000 tons of oxygen. In addition, palm oil contains very low levels of cholesterol around the 18 p.p.m. level. Palm oil is a highly profitable alternative crop, which diversifies agricultural practices in the country and allows the small and medium farmer to access the local as well as the international market. Other sectors of the industry are trying to gain market share through promotions of sunflower and corn oil as the healthy alternatives in vegetable oils. At the retail level sunflower and corn oil are clearly marked, while vegetable oils containing palm oil are not. Nevertheless, these generic vegetable oils are typically less expensive and therefore very attractive to the average consumer.

Protein Meals

Guatemala's soybean meal production is very small. In 1999, soybean meal production was 2,000 MT. Even though Guatemala produces around 6,000 MT of soybeans most of it is consumed as full-fat feed by the poultry industry. In 1999, soybean meal imports were strictly from the United States and the amount of total imports was 110,000 MT. Local production for 2000 is expected to remain at the same level of production for 1999. In 2000 imports are expected to increase to 116,000 MT as the poultry industry continues to grow. Guatemala does not import cottonseed meal.